



Attorney Docket No.: 021180-00053 (BRWN 20.199)

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE**

Inventors: Owen H. BROWN  
David Neal JOSEPH

Serial No.: 10/010,340

Filed: December 5, 2001

Title: **SECURE DIGITAL ESCROW ACCOUNT TRANSACTION  
SYSTEM AND METHOD**

Examiner: Gerald J. O'Connor

Group Art Unit: 3627

January 26, 2005

Commissioner for Patents  
P.O. Box 1450  
Alexandria, VA 22313-1450

**DECLARATION OF JAMES G. ROBERTSON**

S I R:

I, James G. Robertson, declare as follows:

1. I have recently retired from a nationally known provider of employer services solutions Automatic Data Processing; (ADP.) My career at ADP began in August 1969, and spanned almost 35 years of service before retiring in June 2004. Looking back upon my ADP career I had opportunities to manage in a V.P. Role in the Eastern & Great Lakes Division as well as managing internationally as the United Kingdom's VP of Sales.

2. During my career at ADP I have held various positions in operations and implementation, product management, sales and sales management. I had an opportunity during my ADP career to be a part of a business that had a revenue stream of some \$50 Million dollars during the initial year of employment. Today ADP's business has grown to over \$7 Billion in annual revenues in the fiscal year that saw my retirement (2004.)

Enclosed with this declaration is a copy of my "internal" ADP resume which summarizes in further detail the various positions I outlined in section number one.

My career experience with ADP includes the acquisition of Security Pacific Bank, a California based financial institution which gave ADP its early technical platform to impound and escrow statutory payroll related taxes. ADP continued to build upon this payroll tax filing solution that enables employers to transfer their fiduciary responsibility to collect and file employee taxes to a governmental unit. ADP then takes responsibility for the timely and accurate filing to these appropriate governmental agencies. Today ADP collects and holds in overnight funds over \$11 Billion dollars of client's payroll tax liabilities.<sup>1</sup>

To date, I am aware of no method currently used in the financial services industry to try and provide an automated sales tax processing solution that would replicate the collection and distribution of the sales tax revenue that is now done in the payroll/employer services industry. Such a tax collection and distribution process would, in my opinion, complement and add efficiencies to employers/merchants faced with daunting responsibilities to collect and file multiple state taxes imposed on goods and services sold to a business' customer base.

---

<sup>1</sup> ADP Annual Report June 30, 2004  
11194810.01

3. I am familiar with the DAVO invention for impounding sales tax escrow funds via electronic funds transfer. My initial overview of the DAVO solution was provided in the spring of 2003 at a meeting with Owen H. Brown and David N. Joseph in my ADP Parsippany, NJ Office. My understanding of the invention may be summarized as follows:

A merchant processes credit/debit card and cash transactions using a third party electronic funds processor (EFP). Conventional EFP processing is initiated via point-of-sale terminals at the merchant's retail establishment to obtain credit/debit authorizations for pending transactions from credit/debit issuers, and to perform "closeouts" requesting payment by electronic funds transfer (EFT) from credit/debit issuers.

The DAVO invention would extend conventional EFP processing as follows. Merchant sales tax liability would be calculated by the EFP for closed transactions for each merchant. Tax dollars would automatically be impounded from by the EFP from EFT payments made by credit/debit issuers for closed transactions, and transferred to a third party processor who would take responsibility for the timely filing of all state sales taxes. Net EFT payments for closed transactions, less the impounded amounts, would be made by the EFP to a merchant's designated bank account with no active intervention on the part of a merchant required to designate and segregate tax monies, or to make tax payments.

State governments would also be able to use this methodology to collect "back sales taxes" due from merchants that fell in arrears with single or multiple taxing authorities.

4. To the best of my knowledge, no organization other than DAVO is currently generating or seeking to generate repetitive revenue streams with a passive (from an employers/merchant standpoint) sales tax impounding, escrowing and sales tax filing solutions.

## **James G. Robertson**

18 Seventh Avenue, Seaside Park, New Jersey 08752

Home: (732) 793-4650

Cell: (973) 727-5747

**Education:** Fairleigh Dickinson University, Rutherford, New Jersey  
Bachelor of Science- Business Administration

**Experience: Automatic Data Processing (ADP)**

**January 2003 to June 2004**

*Area Vice President*

Major Accounts Great Lakes Area

**August 2001 to December 2003**

*Division Vice President*

Major Accounts Acquisitions & Alliances

**July 2000 to July 2001**

*Vice President of Sales*

United Kingdom

**July 1993 to June 2000**

*Division Vice President*

Major Account Eastern Division

Operating Regions Included: Connecticut, Long Island, New York City, Northern New Jersey, Princeton and Philadelphia.

**July 1991 to June 1993**

*National Account Sales Executive*

New York Metro Region- New Jersey, New York, Princeton and Philadelphia

National Processing Center Clifton

**October 1990 to June 1991**

*National account Sales Executive*

New York City

**July 1989 to September 1990**

*National Account Sales Position/ Account Executive*

Selected National Account Sales Program

ADP Corporate

**January 1978 to June 1989**

*District Sales Manager*

Regional Sales Position

New York City

**April 1975 to December 1977**

*National Director of Account Executive Program*

ADP Corporate

**January 1973 to March 1975**

*Accounts Payable Product Manager*

ADP Corporate

**January 1972 to December 1972**

*Manager of Account Payable Production & Implementation*

New Product Offering added to Commercial Services

Clifton Operating Region

**January 1969 to December 1971**

*Accounts Receivable Conversion Analyst*

Clifton Operating Region